

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 /090 W

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R 130004Z JUL 77

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 3565

UNCLAS WELLINGTON 02683

W

EO 11652: N/A

TAGS: ECSM ECON EFIN NZ

SUBJECT: CONSUMER PRICE INDEX SHOWS
RESURGENCE

REF: WELLINGTON 2600

1. ACCORDING TO TVE LATEST RELEASE BY THE DEPARTMENT OF STATISTICS, RETAIL PRICES FOR THE JUNE QUARTER OF 1977 MEASURED BY THEM MOVEMENT IN THE ALL GROUPS OF THE CONSUMERS PRICE INDEX CPI), ROSE BY 4.8 PERCENT ABOVE THE MARCH QUARTER 1977. RETAIL PRICES IN THE MARCH QUARTER 1977 ROSE 2.6 PERCENT OVER THE DECEMBER 1976 QUARTER, 3.2 PERCENT BETWEEN THE JUNE 1976 QUARTER AND SEPTEMBER 1976 QUARTER, AND 4.5 PERCENT BETWEEN MARCH QUARTER 1976 AND JUNE QUARTER 1976.

2. A COMPARISON OF JUNE QUARTER 1977 PRICES WITH THOSE FOR JUNE QUARTER 1976 SHOWS THAT OVER THE YEAR RETAIL PRICES ROSE BY 14 PERCENT WHEREAS PRICES BETWEEN THE MARCH QUARTERS OF 1976 AND 1977 ROSE BY 13.7 PERCENT, BETWEEN UNCLASSIFIED

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THE DECEMBER QUARTERS OF 1975 AND OUY BY 17.2 PERCENT AND BETWEEN THE JUNE QUARTERS OF 1975 AND 1976 XY 17.7 PERCENT.

3. ITEMS AND SUB-GROUPS WHICH CONTRIBUTED MOST SIGNIFICANTLY TO THE INCREASE OF 66 POINTS (TO 1439 ON A BASE OF DECEMBER

QUARTER 1974 1000) WERE ELECTRIC POWER SUPPLY (7.8 POINTS), GASOLINE (4.9 POINTS), RECREATION AND CULTURE AND EDUCATION SERVICES (3.1 POINTS), PROPERTY MAINTENANCE EXPENDITURE (3.0 POINTS), ALCOHOL (2.8 POINTS), PURCHASE OF EXISTING DWELLINGS (2.4 POINTS), APPAREL (2.2 POINTS), NEW AUTOMOBILE (2.1 POINTS), MISCELLANEOUS GROCERY FOODS (2.1 POINTS), AND FURNITURE (2.0 POINTS).

4. THE ANNOUNCEMENT HAS BEEN RECEIVED WITH GENERAL DISAPPOINTMENT. THE LEADER OF THE OPPOSITION HAS CALLED FOR THE GOVERNMENT'S RESIGNATION CLAIMING THAT THE LARGE INCREASE IN THE CPI REPRESENTS A BREACH OF FAITH WITH THE ELECTORATE. THE FEDERATION OF LABOR HAS ANNOUNCED THAT A NEW CLAIM FOR A GENERAL WAGE ORDER COULD BE BASED ON THE LATEST CPI FIGURES AS "INFLATION APPEARED TO BE HEADING OUT OF CONTROL". THE MINISTER OF TRADE AND INDUSTRY, CLAIMS A HIGH FIGURE HAD BEEN EXPECTED BECAUSE OF THE LIFTING OF THE PRICE FREEZE. HE REGARDED THE ANNUAL FIGURE OF 14 PERCENT AS AN IMPROVEMENT AS IT HAD BEEN ACHIEVED "WHILE THE BURDEN OF CONSUMER SUBSIDIES WAS LESSENED AND THE DESPERATE

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POSSESSION OF THE RAILWAYS, THE POST OFFICE AND ELECTRICITY WAS CORRECTED". HE IS REPORTED TO HAVE SAID THAT HE BELIEVED THE GOVERNMENT COULD REDUCE THE INFLATION RATE TO UNDER 12 PERCENT NEXT YEAR.

5. COMMENT: IT IS QUITE EVIDENT THE LARGE CPI JUMP HAS BEEN A BIG DISAPPOINTMENT TO THE GOVERNMENT. WHAT IS MORE, IT APPEARS INCREASINGLY THAT THE GOVERNMENT'S HOPES OF REDUCING THE RATE SIGNIFICANTLY IN 1977 ARE GETTING DIMMER. SELDEN

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Message Attributes

Automatic Decaptioning: X
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Subject: CONSUMER PRICE INDEX SHOWS RESURGENCE
TAGS: ECSM, ECON, EFIN, NZ
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